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Africa Review

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Africa Review

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Articles**South Africa: Structure and
Impact of Defense Industries**

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South Africa's drive to become militarily self-sufficient has led to large increases in military spending and the creation of an industrial sector dedicated to producing weapons and other military equipment. During World War II, South Africa manufactured ammunition, armored vehicles, howitzers, antitank guns, and small arms in impressive numbers, but a reduced market and the higher capital investment that was required to produce military goods in the postwar period made it cheaper for South Africa to import most of its arms in the 1950s from Britain and the United States. In the mid-1970s, however, the imposition of a mandatory UN arms embargo against South Africa and the rise of Soviet-supported governments in Angola and Mozambique spurred Pretoria to rapidly improve the country's ability to produce military equipment. Despite some notable successes, however, Pretoria's goal of self-sufficiency has yet to be reached.

The economic impact of the drive for self-sufficiency has been mixed. While defense spending generally has had a positive quantitative impact on the South African economy, we believe the diversion of skilled labor and capital to relatively less productive uses has had a qualitatively negative impact. Recent studies of the South African economy indicate that a real growth rate of at least 5 percent is necessary to provide jobs for new entrants to the labor force. Shifting capital and skilled labor to the defense industries will probably inhibit the economy's ability to provide the needed jobs. Another cost of the defense buildup has been the goods and services forgone by the increase in government spending on defense.

Although the defense budget had gradually declined in real terms since 1978, Pretoria has again begun expanding the defense sector in response to the

additional international sanctions imposed last year, the need to replace aging aircraft and ships, the increased military role in controlling civil unrest, and the anticipated arrival of more sophisticated Soviet military equipment in the region. We estimate that Pretoria will spend more than \$5 billion on defense related matters this year.

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Defense Spending Up

The official budget allocation to defense in fiscal 1987/88 is \$3.3 billion, an increase of \$780 million or 30 percent (10 percent in real terms) from last year. The defense allocation is nearly 6 percent of GDP and over 14 percent of total government spending this year. South Africa's official defense spending as a portion of GDP is roughly equivalent to that of the UK, 5.5 percent in 1986/87, and of the US, 6.4 percent. The official budget allocation, however, represents only a portion of actual defense spending.

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In our judgment, the total cost of all defense-related spending in South Africa is probably 50 percent higher than the actual defense budget. As in other highly militarized states, many defense-related activities occur outside the formal defense sector, while others are simply disguised.

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The budgets of government departments other than defense are also used to disguise funds earmarked for defense-related purposes. [REDACTED]

[REDACTED] The Department of Public Works pays for the construction of military bases, which reportedly will cost \$160 million this year. Other departments that provide military-related services include the Department of Community Development, which is responsible for housing military personnel; the Health Department, which underwrites some military medical expenditures; and the Council for Scientific and Industrial Research and various university institutes and departments that conduct military research. We believe that appropriations for these items that fall outside the official South African Defense Force budget will add an additional \$1.4 billion to defense spending this year. [REDACTED]

The blurry distinction between the public and private sectors and the proliferation of government organizations as a result of South Africa's homeland policy also provide the government ample opportunity to hide defense-related expenditures. Many of the companies producing military equipment are state-owned or controlled and receive annual subsidies from the government that are not included as part of the official defense budget. In addition, revenues from military exports are used to supplement the budgets of the various defense contractors. In fiscal 1986/87, South African military exports were reportedly valued at \$200 million. [REDACTED]

Other defense expenditures are hidden in the budgets of the so-called independent homelands of Ciskei, Transkei, Boputhatswana, and Venda, which have their own armies that perform some functions that would otherwise fall to the South African military. As nominally separate political entities, the homelands have their own budgets and technically raise their own revenues. The impoverished homelands, however, rely on subsidies subsumed under the Foreign Affairs component of the South African budget. According to Foreign Minister Pik Botha, Pretoria is providing nearly \$1.5 billion in subsidy payments to the independent homelands in 1987/88. We estimate that nearly \$280 million will be used for military purposes.

Similarly, the South African Police, who are independent of the military forces but have extensive paramilitary capability, receive a separate allocation that totaled \$750 million in the 1987/88 budget. [REDACTED]

Finally, the costs of South African military operations in Namibia are partially paid for by subsidies to the Namibian Government. Namibia will receive \$150 million from Pretoria in 1987/88, of which nearly \$70 million will be spent on the South-West Africa Territorial Force. Taking all additional accounts into consideration, we estimate that total South African expenditures on defense for 1987/88 will be more than \$5 billion. [REDACTED]

Domestic Armaments Industry

We estimate that South Africa this year will spend nearly 40 percent of its total military budget on new military equipment produced or procured by its domestic armaments industry. The armaments industry is an important part of South Africa's economy and one of the country's largest employers. ARMSCOR, the government-owned Armaments Development and Production Corporation of South Africa, is officially charged "to satisfy the varying armaments requirements of the Republic of South Africa and to provide a continuous and flexible ability for that purpose." [REDACTED]

ARMSCOR is the third-largest industrial concern in South Africa with assets of over \$700 million. It controls a wide range of weapons and defense material production and is reportedly the tenth-largest arms producer in the world, meeting up to 90 percent of South Africa's military needs ranging from heavy artillery to armored vehicles. The company is also one of the country's largest employers with nearly 20,000 workers at the corporate headquarters and various subsidiaries. ARMSCOR's network of over 450 contractors and subcontractors is estimated to employ an additional 100,000 South Africans. ARMSCOR has direct control over 11 separate operations in South Africa: Lyttelton Engineering Works (guns), the Atlas Aircraft Company (aircraft), Telcast (metal castings and forgings), Naschem (large

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caliber ammunition), Somchem (propellant and powders), Pretoria Metal Pressings (small-arms ammunition to 35mm), Swartklip (explosives), Kentron (guided-weapon systems), Infoplan (computer services), Eloptro (electro-optical equipment), and Musgrave (sports and precision rifles). []

Economic Impact of Defense Spending

Defense spending has both quantitative and qualitative effects on a country's economy. Although qualitative affects vary across countries, studies have found that an inverse relationship exists between defense spending and spending in other sectors in most industrial economies. This inverse relationship, which reflects the opportunity cost of defense spending, is often diminished or absent in newly industrializing or developing countries. Studies of these countries indicate that defense spending may actually have a positive impact on the growth rate of the economy. []

Judging the impact of defense spending on South Africa's economy is somewhat more problematic in the case of South Africa because of its special economic circumstances. Although South Africa is considered one of the 26 industrialized countries in the world—its 1986 GDP of over \$60 billion ranks 20th in the non-Communist world—it actually has a dual economy. The modern exchange economy exists alongside a traditional subsistence economy, giving the economy many of the characteristics of a developing nation. []

Our calculations of the relationship and degree of substitution between defense spending and other sectors of the economy indicates that increases in South African defense spending are closely associated with increases in real investment, imports, and exports. The degree of relationship between these components and defense spending were all positive and statistically significant. Only in the case of private consumption did increased defense spending have a negative but statistically significant impact. (These quantitative estimates were made using an equation specifying a relationship between real

defense spending as a portion of real GDP and real consumption, investment, imports, or exports as a portion of real GDP over the period 1960-85).¹ []

Despite the estimates of a positive quantitative relationship between defense spending and all GDP components except consumption, increased defense spending does not necessarily cause the other components to increase. These estimates instead indicate that the opportunity cost of South African defense spending falls largely on private consumption. Although there is a loss of welfare because of reduced consumption, there can be economic advantages to reducing current consumption to finance defense. For example, a fall in current consumption has a smaller long-term impact on the South African economy than a fall in investment in future industrial capacity. Furthermore, the loss in consumption generally is accepted by most South African whites, who support defense spending because of their perception of an external threat. []

Notwithstanding the largely positive quantitative impact of defense spending on the other sectors of the South African economy, we believe there is a decidedly negative qualitative aspect. Traditionally, defense industries have been labor intensive and have skewed the distribution of skilled labor across an economy. This is a significant problem for South Africa because of its acute shortage of scientists, engineers, and skilled technicians. The nondefense sectors have had to rely on immigrants and expatriates to make up the shortfall in skilled labor. The increase in civil unrest in recent years, however, has led to a significant decline in immigration, and in 1986, South Africa recorded a net emigration for the first time since 1978. In the first 10 months of 1987,

¹ The equations estimated were of the form $Y = A + B(\text{real defense spending}) + e$, where Y represents real consumption, real investment, real exports, or real imports, A is a constant, B is the coefficient that represents the degree of the relationship, and e is an error term that is equal to zero on average. The equations were estimated over the period 1960-85 using ordinary least squares. []

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South Africa had a net loss of 3,869 residents of which 1,661 were classified as professionals, including 318 engineers. This brain drain, together with the slow growth of the white population and the small number of nonwhites completing college degrees, will worsen, in our view, the already acute skilled labor shortage. Moreover, if Pretoria chooses to design and develop its own combat aircraft to replace the current Mirage/Cheetah fleet, it will need even more engineers and technicians than it currently employs.

[REDACTED]

By devoting a disproportionate share of its scientific and technical talent to the defense sector, we believe South Africa, already suffering technologically because of the effects of economic sanctions and isolation, will fall further behind. One of the justifications offered for diverting economic resources to defense is that scientific breakthroughs and new

technologies tend to spill over to the civilian sector, benefiting the entire economy. Although this phenomena occurred often up until the 1970s, recent studies indicate that the dynamic has reversed. Products and technologies discovered and developed in the civilian sector are frequently absorbed into military applications. In addition, most military developments have few practical civilian applications, reducing further the benefits to South Africa of military research and development efforts.

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**South Africa:
Further Prisoner Releases
Unlikely** []

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Two months following Pretoria's release from prison of African National Congress (ANC) leader Govan Mbeki hopes that other prominent prisoners—including Nelson Mandela—might soon be freed have been dashed by tightened restrictions on Mbeki and uncompromising rhetoric by senior government officials. Pretoria has restricted Mbeki to the Port Elizabeth area, barred him from talking to the media, and banned several rallies organized by the United Democratic Front—South Africa's largest anti-apartheid organization. The government is likely to impose additional security restrictions if Mbeki or his supporters continue their attempts to rally the black opposition. []

Pretoria's Motives

Mbeki's release after 23 years was intended in part to allow the government to gauge black and white reaction to such releases. Pretoria probably underestimated Mbeki's value as a centerpiece for black opposition activities, however, as well as Mbeki's vitality and defiance. The 77-year-old Mbeki has demonstrated that he does not intend to retire quietly, as the government may have hoped []

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Before being restricted, Mbeki had offered to mediate in the violence between rival black groups in Pietermaritzburg, but he has not personally renounced violence nor entered into negotiations with the government as some white liberals had anticipated. The speeches Mbeki prepared for the banned rallies were moderate and conciliatory in tone, according to the US Embassy, but upon his release he reaffirmed his commitment to Communism and his strong support for the ANC. Mbeki plans to open an office in Port Elizabeth, but under advice from his lawyers, he has not yet defined his future role in politics. []

The government's initial approval and subsequent banning of the first rally planned for Mbeki in late November suggests some early uncertainty in Pretoria about the impact of his release. The government repeatedly has claimed that the UDF, which it considers the internal wing of the ANC, has exploited Mbeki's release to foster a "revolutionary climate" in the black townships. []

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Pretoria also is probably concerned about the conservative white backlash to the release. According to the Embassy, officials of the ruling National Party have been the target of strong grassroots criticism of the release, especially in the conservative Transvaal. The crackdown on Mbeki is designed to appease whites concerned about law and order and to demonstrate that Pretoria remains tough on the ANC. These actions coincided with other increased security measures during the holiday season, normally a period of heightened attacks by ANC guerrillas. []

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Outlook

Prospects for the release of Mandela or other prominent prisoners have become more remote following the restrictions on Mbeki and a tougher stance on the subject by senior government officials, particularly President Botha. Pretoria probably is convinced that the freeing of Mandela would spark a much greater and perhaps uncontrollable black reaction that would then be aggravated if the government were forced to impose security restrictions on him. This concern, together with strong criticism of Mbeki's release by whites, suggests that Pretoria will concentrate for now on discouraging anti-apartheid activities and reassuring nervous whites. []

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The government especially wants to minimize the erosion of National Party support to the Conservative Party, and is unlikely to release any controversial prisoners before the parliamentary byelections in March or during the runup to nationwide municipal elections set for October. Mandela could be released soon after the byelections, but he is more likely to remain in prison for the rest of 1988 unless his health deteriorates or the political climate changes dramatically.

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South Africa's Black Sash: Epitome of White Civil Disobedience

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The evolution of the Black Sash, a small organization of South African women—mostly white—actively opposed to apartheid, reflects larger trends in white politics. Women who belong to the group share the frustrations of many other liberal whites who wish to change the apartheid system but increasingly realize that conventional politics no longer offers them that opportunity. The Black Sash has been more successful than other white extraparliamentary groups in developing protest methods that have actually achieved some modest results.

change in philosophy resulted in the Black Sash losing almost all of its Afrikaner members. In addition, the increasingly conservative political climate during the early 1960s discouraged many English speakers from supporting the Black Sash. Membership fell to about 1,000.

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A Brief History

The Black Sash had its origins in the Constitution League, which was formed in 1955. The League consisted of a small group of white women concerned about proposed legislation to deny voting rights to Colored South Africans. League members argued that passage of the bill would be a major blow to the South African Constitution and democratic principles.

Following the Soweto riots of 1976, the Black Sash again began to carve out an active role for itself in protest politics and became more closely associated with the nonviolent black opposition. The group recognized the need for civil disobedience and also began a program of positive assistance to blacks that continues to this day. In addition, black women began to join the Black Sash.

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The Black Sash Today

Although the Black Sash does not condone the use of violence, its leaders support the principles of black resistance. The group is not officially affiliated with the multiracial United Democratic Front, but it does participate in events sponsored by the UDF. The Black Sash supports organizations such as the National Union of South African Students, the Young Christian Students, the Moslem Judicial Council, and the South African Youth Congress. It also has helped to establish several opposition organizations. The group, for example, was instrumental in the formation of the End Conscription Campaign, a resistance movement opposed to mandatory military service for white males. The Detainees Parents Support Committee and the Five Freedom Forum were also organized with the help of the Black Sash.

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When the legislation was implemented in 1956, League members held a vigil to mourn the death of the South African Constitution. The women wore black funeral sashes and carried black roses at the vigil. The League soon changed its name to the Black Sash, and the new organization adopted the black rose and the black sash as its symbols.

The Black Sash flourished in the late 1950s because it offered white women both a political and social outlet. The group concentrated its attacks on what it viewed as nondemocratic or immoral moves by the National Party government, but it avoided couching its rhetoric in racial terms. Membership grew to 10,000, drawing from both the English-speaking and Afrikaner sectors of the population.

The second and less successful stage of development occurred during the 1960s when the group admitted publicly that the debate in South Africa was clearly over racial—as opposed to democratic—issues. This

The US Embassy reports that the Black Sash prides itself on being left of the Progressive Federal Party on the political spectrum. In fact, the group does not support any political party, arguing that support for a party that participates in the parliamentary system would imply support for apartheid.

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The Black Sash is committed to a variety of programs designed to provide blacks with immediate help in dealing with the apartheid system. These include the manning of advice offices for blacks nationwide, and the monitoring of forced removals by Pretoria. The advice offices provide blacks with legal information, advice on shortcuts to deal with the apartheid bureaucracy and financial support. The Black Sash also devotes much of its time to fighting forced removals and political detentions. In particular, the detention of children is closely monitored.

The group also engages in more traditional political and protest activities designed to increase white and black political awareness. Members often speak out against proposed legislation and comment publicly

about political events, concentrating on influencing the female audience. Encouraging black youths to attend classes is also high on the agenda.

Significance of the Black Sash

Although Black Sash activities had historically been dismissed by Pretoria as little more than a nuisance, we believe that government actions against the group since the 1986 imposition of the state of emergency indicate that Pretoria now considers the Black Sash to be more of a problem. The government has detained Black Sash officials and restricted planned protests and demonstrations.

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Nevertheless, the group's membership represents a minuscule proportion of South Africa's white population, even of liberals; the Black Sash has yet to accomplish its initial goal of raising the political consciousness of whites. Most liberal whites, frustrated as they are with their lack of influence, are nevertheless not prepared to engage in political activism. Despite these failings, however, the Black Sash's self-help programs for blacks represent one of the few positive links between blacks and whites in South Africa's increasingly polarized political climate.

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Africa Briefs

Ethiopia

Struggling to Finance Relief Effort []

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Increasing drought relief expenditures, low government revenues, and reduced earnings from coffee exports have prompted President Mengistu to divert about \$29 million from Ethiopia's agricultural development budget to the relief effort. He also has tasked the government's foreign economic relations committee to find new sources of foreign exchange and external aid. []

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[] Despite Mengistu's efforts, Ethiopia's financial crisis will constrain its ability to shoulder additional relief expenditures. The shortage of foreign exchange probably will compel Addis Ababa to place severe limits on additional foreign grain purchases, even though they are badly needed to fill the country's large food production deficit and to raise living standards. [] donors are unlikely to commit significant new resources promptly, almost certainly forcing Mengistu to slash his already austere development budget further rather than cut from more sensitive areas, such as the armed forces. []

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South Africa

Labor Party Congress []

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At its annual congress last month, the Labor Party—majority party in the Colored House of Representatives—reaffirmed its pledge to block government efforts to postpone white elections until 1992 unless the Group Areas Act is repealed. Although members expressed frustration with their inability to influence government policy on issues, the party resolved not to withdraw from parliament, at least until 1989, when elections for all three parliamentary houses are scheduled. []

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Although US Embassy contacts say the Labor Party is determined to stand firm on the elections issue if the Group Areas Act is not repealed, party leader Allan Hendrickse [] expressed more flexibility. We believe Colored parliament members would accept alternative concessions from Pretoria. Hendrickse hinted at the congress that the party might be willing to accept amendment of the act, or a smaller gesture, such as the reopening of District Six, a formerly Colored residential area in Cape Town that was razed by Pretoria in the 1960s. []

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The Labor Party tempered its pledge to remain in parliament until 1989 by saying that the party would review its participation before seeking reelection. If elections are held as scheduled in 1989, we believe the Labor Party will demand additional concessions on reform in return for continued participation, but it would eventually

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decide to field candidates. Embassy reporting indicates Colored parliament members have become enamored of the perquisites of office, and an additional five-year term would guarantee most of them a lucrative government pension on retirement. Moreover, Colored politicians—although frustrated by their lack of influence—continue to maintain they can achieve more by working within the system than they can as part of the extraparlimentary opposition. Hendrickse has argued in the past that withdrawal would not result in collapse of the tricameral parliamentary system, but would only allow other Coloreds less committed to the dismantling of apartheid to take the place of the current participants. [REDACTED]

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Zaire**IMF Funds Withheld** [REDACTED]

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The IMF's recent suspension of payments to Zaire, coupled with lower export earnings, will force Kinshasa to seek further rescheduling of its \$6 billion external debt next year. Kinshasa received \$168 million during 1987, but failure to meet IMF standby limitations on budget imbalances has prompted the Fund to withhold disbursements this month and in February [REDACTED]

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[REDACTED] Zaire's creditors are again likely to reschedule Zaire's debt but will stress the need for better surveillance mechanisms to ensure that Kinshasa respects its financial commitments. [REDACTED]

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South Africa Chronology

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16 November–31 December 1987

This chronology is a compilation of significant developments affecting South Africa and is drawn largely from media sources.

Trends

Black-on-black violence continued in the Pietermaritzburg area and, according to press reports, increased in severity. Unrest in other areas has been relatively low, however, with only three minor bomb attacks against government targets reported during this period.

Pretoria continued its harsh policies against the black opposition and its application of apartheid laws. Restrictions were placed on recently released ANC leader Govan Mbeki, dampening hopes that his freedom would pave the way for the release of Nelson Mandela. The large black township of Botshabelo was forced to become part of the Qwa Qwa homeland despite objection from most of the township residents.

Pretoria also threatened to take government action under censorship laws against eight liberal publications and one rightwing magazine.

On the foreign policy front, reports that the ANC planned to increase infiltration into South Africa through Botswana prompted South Africa to increase security along the border and led to a lengthy war of words between Gaborone and Pretoria. Gaborone blamed South Africa for five grenade explosions in Botswana during December.

Most of the international attention was focused on the South African intervention into Angola. Pretoria ignored United Nations demands that it withdraw South African forces, and, up until the end of December, Luanda was still complaining of the South African presence there.

16 November

Unrest. Johannesburg; a limpet mine is discovered and defused at a post office.

18 November

Economy-Disinvestment. US firm Cigna sells its South African operations to local management.

Political. Pretoria announces that municipal elections for all races will be held during 26-29 October 1988.

Unrest. Pietermaritzburg; police claim 144 people have been arrested for political violence during the past few weeks. Soweto; 1,500 police participate in a crime prevention sweep.

19 November **Unrest.** Durban; town officials demolish 30 illegal squatter shacks.

20 November **Foreign Relations.** South Africa refuses to renew the work permit for a US journalist, forcing him to leave by 30 November.

21 November **Unrest.** Soweto; an explosion damages municipal offices.

22 November **Unrest.** Press reports say there have been seven unrest-related deaths in the Pietermaritzburg area during the past week.

23 November **Military-Foreign Relations.** Pretoria announces that it has captured "sensitive" weapons of Soviet origin during military operations in Angola.

Unrest. Western Transvaal; two land mines are discovered and defused.

24 November **Economy-Disinvestment.** The US firm Emhart Corp. has sold its interests in South Africa.

Foreign Relations-ANC. Pretoria claims that the Botswana government is aware of ANC plans for large-scale infiltration into South Africa from Botswana.

Unrest. Cape Town; a limpet mine is defused near the railway station.

25 November **Foreign Relations.** The United Nation's demand that South Africa unconditionally withdraw from Angola is rejected by Pretoria.

26 November **Unrest.** Northern Transvaal; two land mines are discovered and defused near the Swaziland border.

27 November **Unrest.** Port Elizabeth; government bans a previously approved rally that was to be attended by Winnie Mandela, Albertina Sisulu, and recently released ANC leader Govan Mbeki.

28 November **Foreign Relations-ANC.** Lusaka, Zambia; a bomb explodes in a drainage ditch near an ANC residence.

General. A South African airliner crashes near Mauritius, en route to South Africa from Taiwan, killing all 160 people on board.

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- 29 November** **Unrest.** Press reports say there have been 10 unrest-related deaths in the Pietermaritzburg area during the past week.
- 30 November** **Unrest.** Pietermaritzburg; political violence has resulted in 101 deaths in the past two months, according to press reports. Soweto; three explosions damage the Dube Municipal Police Training Center.
- 1 December** **Foreign Relations.** The Ivory Coast grants landing rights to South Africa for flights to London.
- 2 December** **Foreign Relations.** South Africa imposes stringent security checks at Botswana's border.
- Homeland.** Botshabelo, the second-largest black township in South Africa, is incorporated into the homeland of Qwa Qwa.
- Unrest.** Noordhoek, Cape Province; 700 squatters are forcibly moved to Khayelitsha, outside of Cape Town.
- 3 December** **Foreign Relations.** Luanda claims that South African fighter-jets have bombed deep inside Angola.
- 5 December** **Foreign Relations.** South Africa announces that it has begun withdrawing troops from Angola.
- 6 December** **Unrest.** Pietermaritzburg; the United Democratic Front sponsors a rally attended by 10,000 aimed at ending violence in the area. Press reports say there have been 12 unrest-related deaths in the Pietermaritzburg area during the past week.
- 8 December** **Economy.** South Africa completes repayment of its 1982 loan from the International Monetary Fund.
- 9 December** **Unrest.** Cape Town; a previously approved rally to be attended by Govan Mbeki is banned.
- 10 December** **ANC-Unrest.** Soweto; two suspected ANC members are killed during a shootout with police.
- Reform.** Durban; additional beaches are opened to all races.
- Security-Unrest.** Lekoa; after refusing orders from a white officer, 60 black town council policemen stage a mutiny.

- 11 December** **ANC.** Restrictions are placed on Govan Mbeki, confining him to the Port Elizabeth area, restricting his interviews, and prohibiting his contributions to publications.
- 13 December** **Unrest.** Press reports say there have been 13 unrest-related deaths in the Pietermaritzburg area during the past week.
- 14 December** **Foreign Relations.** Botswana officials blame South Africa for five explosions in Botswana within a week.
- 15 December** **ANC-Unrest.** Welkom, Transvaal; a suspected ANC terrorist is killed by police at a roadblock.
- 18 December** **Foreign Relations-Judicial.** The United Nations asks Pretoria to commute the death sentences for six blacks known as the "Sharpeville Six."
- 19 December** **Economy-Disinvestment.** Ford Motor Co. pays its former South African subsidiary \$60 million to fulfill a disinvestment agreement.
- 20 December** **Unrest.** Press reports say there have been 12 unrest-related deaths in the Pietermaritzburg area during the past week.
- 21 December** **Media.** Pretoria issues official warnings to three publications, including for the first time a rightwing newspaper.
- 22 December** **Economy.** A new US tax law will no longer allow US firms to take deductions for taxes paid to the South African Government. South Africa's inflation rate was 15 percent for November, the lowest since 1985.
- Homelands.** Transkei places restrictions on the former state president, Kaiser Matanzima.
- 23 December** **Unrest.** Police claim terrorism incidents have declined somewhat during the year.
- 24 December** **Foreign Relations-Economy.** Pretoria announces that South African exports to the European Community dropped 34 percent during the second half of the year.
- Foreign Relations.** A South African helicopter and crew assisting in the investigation of the recent South African Airways crash are held in Mozambique after veering off course.

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27 December

Unrest. Press reports say there have been 19 unrest-related deaths in the Pietermaritzburg area, and six in the Durban area during the past week.

28 December

Military. A Mirage F1 fighter-jet crashes in Eastern Transvaal and a Cheetah fighter-jet is damaged in an accident at Jan Smuts airport in Johannesburg.

Political. Colored Labor Party leader Allan Hendrickse announces that, unless Pretoria repeals the Group Areas Act, the Labor Party will not support Pretoria's plan to postpone national elections until 1992.

30 December

ANC. South African police claim that most of the "terrorists" arrested this year were trained inside South Africa.

Homelands. Transkei military stages a bloodless coup, the second in three months.

Unrest. Press reports say there have been 11 unrest-related deaths in the Pietermaritzburg area during the past week, and two in the Durban area.

Key Dates in January and February

8 January

Anniversary of the formation of the ANC—1912.

**28 January-
6 February**

Celebrations to commemorate the 500th anniversary of European explorers arriving at the Cape of Good Hope.

1 February

Parliament reconvenes in an extension of its 1987 session. 1988 session officially opens on 5 February.

16 February

Anniversary of the South African Defense Force—1912.

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